

# Procurement :: On Point

Bulldog Buy It Better News :: Fall 2009

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UNIVERSITY

Office of Procurement & Contracts

## Conflict Resolution: Mission Statement and Processing Time

*To economically and efficiently obtain the goods and services required by Mississippi State University while ensuring accountability and compliance.*

*— Office of Procurement and Contracts Mission Statement*

Mission statements are important management tools for organizations, campus units, and even individuals. But what happens when a mission statement seems to be working against itself?

The mission of Mississippi State University's Office of Procurement and Contracts is "To economically and efficiently obtain the goods and services required by the institution while ensuring accountability and compliance." This mission creates a natural conflict. Efficiency implies quick and easy. Accountability and compliance often require additional steps and checks. While it is our goal to process requisitions and contracts quickly, we also have the responsibility to make sure that all rules, policies, and laws are complied with completely. In other words, requisitions and contracts are not "rubber stamped." Purchasing is a process, and that process can take longer than departments might like. We want to work with you to insure timely review and approval. Here are a few suggestions that can make a difference in how quickly requisitions are processed:

- When a contract is required, it is important to use the MSU Contract for Services whenever possible. This document was created to comply with all laws and policies and can be reviewed and approved much quicker than a vendor's standard contract. Find additional information online at <http://www.procurement.msstate.edu/contracts/services.pdf>.
- When submitting a requisition, make sure that all applicable documents are submitted as soon as possible. We cannot begin the review until we have all the information.
- Remember the requisition does not print out at P&C until it has all approvals and funds are available. P&C staff members can't start working on a request until it prints out.

# On the Clock: Processing Procurement Documents Can Be a Guessing Game

Ask a kicker for a football team if he can make a 20-yard field goal, and his answer is likely to be a resounding “Of course I can!”

But it isn’t always that easy, is it? How many times have you seen a kicker miss that short shot at an extra point or a field goal? A tennis player miss an easy overhead? Or Tiger Woods miss a two-foot putt? Confidence and skill aren’t always enough. Why is that?

Because *stuff* happens. In sports. In life. And in the procurement process — stuff just happens. And because of that stuff, providing timelines for the procurement paperwork process is a double-edged sword: you need the information, but it doesn’t always work out exactly the way the timeline suggests. But here we go with a few estimates that will give you a general idea of how long it will take to process your procurement request.

## Processing Requisitions for Purchase Orders for Commodities, Supplies and Equipment

- State contract item — PO can usually be issued within two days after the requisition printing out at Procurement & Contracts (P&C)

- Under \$5,000 — PO can usually be issued within 2 days after the requisition prints out at P&C. Could you have used the MSU Procurement Card (P-card)? It can be faster.

- \$5,000 to \$50,000 — PO can usually be issued within two days after the requisition prints out at P&C and all applicable and correct quotes are received at P&C.

- Over \$50,000 — Typically we must develop specifications, advertise, solicit and receive bids, evaluate, and get departmental approval prior to issuing a PO. The shortest time frame would be around one month. Two to three months is more common.

- Single source — We must send these to Jackson (electronically) for approval. PO can usually be issued within four days after the requisition prints out at P&C and applicable price quotes and sole source form are received at P&C. <http://www.procurement.msstate.edu/forms/>

## Processing Requisition to Purchase Order for Services Not Being Bid

A purchase order can typically be issued within two days after the requisition prints out at P&C and all applicable documents are received at P&C.

## Processing Requisition to Purchase Order for Services Being Bid

Typically, we must develop specifications, advertise, solicit and receive bids, evaluate, and get departmental approval prior to issuing a PO. The shortest time frame would be around one month. Two to three months is more common.

## Contracts

- Hotel contracts — These can be turned around within two days, but often take five to seven days. Out of state hotels take longer because they aren’t as familiar with MSU’s status as a government entity.

- Simple contracts using our standard contract — As long as the standard contract is used and the scope is not too complex, these can usually be issued within one week. If the scope is more complex, these requests usually take about two weeks. Find the standard contract online at <http://www.procurement.msstate.edu/contracts/services.pdf>

- Contracts using vendor written contract (not software) — These typically have multiple clauses which we cannot agree to so negotiations usually take several weeks. Most companies when shown the state laws and Attorney General’s opinions realize that, due to our status as an entity of the state government, we cannot legally agree to the terms. When this happens, negotiations usually work out fairly soon.

- Contracts using vendor written contract for software — These are the most difficult contracts and often take several months of negotiation.

- More than \$250,000? These requests require approval from the Institutions of Higher Learning and that adds another month or two to the process. Also, any lease that is not considered rental of a storage or single-use facility, whether MSU is the lessee or lessor, requires IHL approval.

Please keep in mind that these timelines are general. The information you give us, the nature of your procurement request, and well, stuff, all come into play when it comes to processing.

Have a question or a comment to share? Send it our way at [dbuffum@procurement.msstate.edu](mailto:dbuffum@procurement.msstate.edu).

# MSU Procurement Cards Pack Power, Convenience

Mississippi State University's Procurement Card Program provides users a powerful purchasing tool. Using the P-card is convenient, fast, and easy — and it saves the University time and money. During tighter economic and budget times, using the P-card is a simple way to start saving and to stop wasting valuable resources.

## Check It Out

There are a number of ways that each of us can help save a few dollars and cents that add up to big bucks for the University.

For example, did you know that in a two-month period P&C issued more than 850 checks to just four vendors? That's right, if you counted the checks MSU issued to Federal Express, UPS, IKON, and Xerox, it would total 888 checks. At least 90%, if not all, could have been handled using the P-card.

When we break out of that "the way we've done it in the past" habit, we reap the rewards of new opportunities, increased efficiencies, and lower costs.

If you have questions about the use of the P-card for this type of purchase, please contact Jay Rester at (662) 325-2550 or send an e-mail to [procardhelp@procurement.msstate.edu](mailto:procardhelp@procurement.msstate.edu).

## Add It Up

When employees run out to a local retailer to pick up a package of pens or other office supply odds and ends and pays with their own money and then gets reimbursed, what is the cost to MSU? When an employee takes a guest out to eat, puts it on a personal credit card, and then gets reimbursed, what is the cost to MSU?

When incidents like these happen, the University is reimbursing that employee the true cost of the products or meal — and the sales tax that was charged. This is a cost that MSU does not need to pay. Looking at individual departments, this 7% to 9% on small purchases may seem like a small amount of money. Looking at this cost across campus, we are probably paying an extra \$50,000 per year that MSU should not be paying.

Once again, the P-card is the perfect purchase solution. And remember, that 16-digit number on the Procurement Card is more valuable than cash, so be careful with it. If a P-card number falls into the wrong hands, fraud can easily occur. Keep all P-card numbers secure.



## Using Licensed Merchants

In the past few months, Procurement & Contracts has had to reject requisitions because departments asked to purchase items with an MSU logo from an unlicensed merchant. The Trademark Licensing Office provided this reminder:

The Trademark Licensing Office would like to remind everyone that our office is charged with the responsibility to protect and control the utilization of the University seal, name, logos, slogans, and emblems and to encourage aggressively the proper use of these trademarks to promote the University and produce revenue for its benefit (see policy 06.03).

Permission to use the University's trademarks for commercial purposes is granted by a nonexclusive license. All University departments and student organizations must use licensed vendors when ordering merchandise using University trademarks. University purchases for University use — not for resale — may be exempted from royalty payments.

Please contact the Licensing Office at (662) 325-2525 should you have questions regarding licensing and/or to verify if a vendor is licensed and in good standing.

## **Construction, Repairs, Renovations Must Start with Facilities Management**

All departments are reminded that Facilities Management must be consulted prior to having any work done to the buildings or grounds. This includes such things as painting, moving of walls, doors, etc. Departments contemplating such renovations and repairs should contact Facilities Management by going online to [www.fm.msstate.edu](http://www.fm.msstate.edu) or calling in a work order request. FM will meet with you to discuss your needs.

In addition, no work should begin until there is a valid Purchase Order or contract approved by the Director of Procurement and Contracts.

## **Direct Deposit for Vendor Payments**

Payments to vendors can be directly deposited to their designated bank account. Receiving a payment by direct deposit allows vendors to receive their payments more timely without having to wait for the mail, and to avoid lost or misplaced checks. In addition, the vendor will receive an e-mail to a designated e-mail address detailing the payment. You, as a department, can benefit from reduced time for the payment to be received and thus eliminate or reduce late fees or other charges.

If you have a vendor who is interested in signing up for direct deposit, please contact Doris Pearson in Procurement & Contracts at (662) 325-2551 or by e-mail at [dpearson@procurement.msstate.edu](mailto:dpearson@procurement.msstate.edu).

## **New Administrative Support Staff Training Program on Way from HRM**

In partnership with several university departments, Human Resources Management is piloting a training program for new administrative support

staff. Known as EASE (Education for Administrative Support Employees), this certificate-based, two-level program is designed to provide new administrative support staff with the knowledge and tools necessary to perform their jobs effectively and with, of course, ease.

EASE level one courses focus on MSU Business Processes, with sessions offered by the Office of the Controller and Treasurer, the Office of Diversity and Equity Programs, Human Resources Management, the Office of Internal Audit, Information Technology Services, Procurement and Contracts, Receiving and Property Control, and Travel. Level two courses focus on interpersonal skills.

The EASE pilot will begin in September 2009 and will wrap-up in December 2009. If you currently hold an administrative support staff position and would like to attend and evaluate any of these sessions, we encourage you to register at <http://www.hrm.msstate.edu/courses/>

For additional information, please contact Meg Arnold (HRM) at [marnold@hrm.msstate.edu](mailto:marnold@hrm.msstate.edu).

## **Reaching Out to New Vendors**

Looking for potential suppliers? Looking for minority vendors? Woman-owned? Veteran-owned? It is very easy to continue to use the same providers as we have used in the past. However, is this always in the best interest of the University? Is it possible that we could get better service or better prices if we searched for new vendors?

Maximizing participation in the procurement process often ensures better products, better prices and more opportunities for small and disadvantaged vendors. If a department is seeking potential providers of goods and services, there are a few

opportunities for the department to explore.

Central Contractor Registration is a federal government website that gives us a great source of potential vendors. Any vendor that desires to do business with the federal government must register on this site.

To explore vendor possibilities, go to <http://www.ccr.gov/> and on the left side of the page, click on "Search CCR". Click on "NAICS Code Search". Enter a description of the item/service (example: mattress) and click on "2007 NAICS Search". You will find a NAICS for the item in question. (In this case 423210). Go back to the CCR search page and put the code in the box. Check the box next to small business (by NAICS code). Click on the state 'down arrow' and choose Mississippi. Click on "Search" at the bottom of the page. Once you have the list of vendors, you can click on the "Detail" to find more information about the firm.

## **Helping Vendors Learn How to Do Business with MSU**

Doing business with MSU can be an intimidating experience for a new vendor. There are so many different departments with so many different needs. If you come across a vendor that is trying to get their foot in the door, please urge them to read the vendor guide available at <http://www.procurement.msstate.edu/vendor/vendorguide.pdf>

## **Going Green with P&C's Guide**

Looking for a greener purchasing option? Check out P&C's Environmentally Preferable Purchasing Reference guide online at <http://www.procurement.msstate.edu/referenceguide.pdf>

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Office of Procurement & Contracts

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## Paying Attention to State Purchasing Law Changes

On April 15, Senate Bill 2923 amended Mississippi Code Section 31-7-13 concerning competitive bids. Provisions 31-7-13 (b) and (c) were amended to allow for written quotes to be accepted for purchases involving an expenditure of more than \$5,000 but not more than \$50,000. Only purchases in excess of \$50,000 will require advertising and competitive bids.

The bill also requires any bid item for construction between \$5,000 and \$50,000 to be broken down by components to provide detail of component description and pricing. For example:

If you bid 1,000 yards of carpet for installation, the quotes need to be broken down similar to the following:

- Carpet — 1,000 yards at \$12.00/yard = \$12,000
- Labor — 1,000 yards at \$3.25/yard = \$3,250
- Miscellaneous supplies to install 1,000 yards at \$2.25/yard = \$2,250
- Total cost — \$22,503

The law is different for American Recovery and Reinvestment Act projects (ARRA). Funded by the recently passed federal stimulus package, ARRA projects in excess of \$25,000 must only be advertised one time and the bid opening shall be not less than ten (10) working days after the date of the published notice.

## Find the Right Place, Right Time Before Using Standing Orders

When they are used properly, standing orders are a good tool. Standing orders are in place to take care of small, fairly repetitive purchasing needs. They must not be used for projects that exceed the quote threshold of \$5,000.

Let's consider an example. If a purchase order states "Not to Exceed \$4,500 Per Day," that doesn't mean a department can spend \$4,000 today and \$4,000 tomorrow.

If a department has knowledge of a need in excess of

\$5,000, the standing purchase order should not be used. If there is even a small chance that the total is going to exceed \$5,000, the department should take quotes. Failure to comply with this requirement constitutes a violation of state law.

When Procurement & Contracts staff members see improper use of standing orders, we are compelled to report it to the Office of Internal Audit. Before using a standing order, know the guidelines and avoid a potentially unfortunate — and illegal — situation.